

ASSEMBLY BILL

No. 515

Introduced by Assembly Member Eggman

February 23, 2015

An act to amend Section 17053.88 of the Revenue and Taxation Code, relating to taxation.

LEGISLATIVE COUNSEL'S DIGEST

AB 515, as introduced, Eggman. Personal income tax credit: food bank donations.

The Personal Income Tax Law and the Corporation Tax Law allow various credits against the taxes imposed by those laws, including a credit for qualified taxpayers, as defined, in an amount equal to a specified percentage of the cost that would otherwise be included in inventory costs, as specified, with respect to the donation of fresh fruits or fresh vegetables to food banks located in California.

This bill would make a nonsubstantive change to the personal income tax provision.

Vote: majority. Appropriation: no. Fiscal committee: no.
State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. Section 17053.88 of the Revenue and Taxation
- 2 Code is amended to read:
- 3 17053.88. (a) In the case of a qualified taxpayer who donates
- 4 fresh fruits or fresh vegetables to a food bank located in California
- 5 under Chapter 5 (commencing with Section 58501) of Part 1 of
- 6 Division 21 of the Food and Agricultural Code, for taxable years

beginning on or after January 1, 2012, and before January 1, 2017, there shall be allowed, without regard to the taxpayer's method of accounting, as a credit against the "net tax" (as defined by Section 17039), an amount equal to 10 percent of the cost that would otherwise be included in inventory costs under Section 263A of the Internal Revenue Code, or that would be required to be included in inventory costs under Section 263A of the Internal Revenue Code, but for the exception for farming businesses contained in Section 263A(d) of the Internal Revenue Code, with respect to those fresh fruits or fresh vegetables.

(b) For purposes of this section, "qualified taxpayer" means the person responsible for planting a crop, managing the crop, and harvesting the crop from land.

(c) If the credit allowed by this section is claimed by the qualified taxpayer, any deduction otherwise allowed under this part for that amount of the cost paid or incurred by the qualified taxpayer that is eligible for the credit shall be reduced by the amount of the credit provided in subdivision (a).

(d) The donor shall provide to the nonprofit organization the estimated value of the donated fresh fruits or fresh vegetables and information regarding the origin of where the donated fruits or vegetables were grown, and upon receipt of the donated fresh fruits or fresh vegetables, the nonprofit organization shall provide a certificate to the donor. The certificate shall contain a statement signed and dated by a person authorized by that organization that the product is donated under Chapter 5 (commencing with Section 58501) of Part 1 of Division 21 of the Food and Agricultural Code. The certificate shall also contain the type and quantity of product donated, the name of donor or donors, the name and address of the donee nonprofit organization, and, as provided by the donor, the estimated value of the donated fresh fruits or fresh vegetables and its origins. Upon the request of the Franchise Tax Board, the qualified taxpayer shall provide a copy of the certification to the Franchise Tax Board.

(e) In the case where the credit allowed by this section exceeds the "net tax," the excess may be carried over to reduce the "net tax" in the following year, and for the six succeeding years if necessary, until the credit has been exhausted.

(f) Using the information available to the Franchise Tax Board from the certificates required under subdivision (d) and subdivision

(d) of Section 23688, the Franchise Tax Board shall report to the Legislature on or before December 1, 2014, and each December 1 thereafter until the inoperative date specified in subdivision (g), regarding the utilization of the credit authorized by this section and Section 23688. The Franchise Tax Board shall also include in the report the estimated value of the fresh fruits and fresh vegetables donated, the county in which the products originated, and the month the donation was made.

(g) (1) A report *required* to be submitted pursuant to subdivision (f) shall be submitted in compliance with Section 9795 of the Government Code.

(2) The requirement for submitting a report imposed under subdivision (f) is inoperative on January 1, 2016, pursuant to Section 10231.5 of the Government Code.

(h) This section shall remain in effect only until December 1, 2017, and as of that date is repealed.